



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 138**

Streamlining Draft **AGMARTIN 2**

REVISED

Date: February 17, 2010 9:15 AM	Author:
Dept./Agy.: DOTD	Analyst: Travis McIlwain
Subject: Airplane	

DOTD
Eliminate airplane

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Department of Transportation and Development eliminate its airplane.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION
Eliminating the DOTD airplane and outsourcing the aerial photography activity is indeterminable and dependent upon the cost charged by the private sector to provide the aerial photography service. DOTD currently has 3 TO positions at an approximate costs of \$295,238 of TTF-Reg. Thus, outsourcing such an activity would save the following expenditures: \$195,986 - personal services, \$57,252 - operating services (aviation fuel savings), \$10,000 - professional services (required pilot training), \$17,000 - other charges (plane insurance), \$15,000 - equipment. The positions to be eliminated are the pilot and 2 engineering tech positions. The pilot's personal services and associated expenditures are currently funded with TTF - Aviation in the FY 11 projected amount of approximately \$189,000, while the 2 engineering tech positions are funded with TTF - Reg. in FY 11 projected amount of approximately \$106,000. The expenditure savings realized from reducing the 3 TO positions and associated expenditures would be utilized for a professional services contract to outsource such an activity. The specific costs of such a contract is unknown. However, based upon the current expenditures of the department and its 4-year average (2005-2008) of 105 aerial projects per year, the break even point of such a contract is \$2,812 (\$295,238/105 projects = \$2,812). To the extent the contract is less than \$2,812 per project, state savings could be realized. However, to the extent the contract is more than \$2,812/project, then state expenditures will likely increase. Based upon information from vendors provided to the Legislative Fiscal Office, contracting out such a service could cost from \$142,275, which would generate savings of \$152,963, to \$637,350, which would increase state expenditures by \$342,112. **Cont. on Page 2**

REVENUE EXPLANATION
This proposal could increase one-time revenue in the amount of \$864,000 due to the surplus of the DOTD airplane. According to the Division of Administration - Office of Aircraft Services, the current estimated value of the plane is approximately \$864,000 (Aircraft Bluebook Price Digest) while the original cost of the plane was \$1.3 million (1990 King Air purchased by the department in 2001). Also, included within the plane is an RC30 camera, which according to the vendors likely costs approximately \$500,000. The resale value of such an item is unknown. However, to the extent it is auctioned, funds will likely be generated not to exceed original purchase price of approximately \$500,000.

To the extent the plane and camera are sold, the revenues generated will accrue to the LPAA. Since the plane was originally purchased with State General Fund, the LPAA typically receives 100% of the proceeds of all items originally purchased with state general fund. All revenues generated to the LPAA are classified as fees and self-generated revenues.

NOTE: The DOTD plane is specifically designed to take aerial/photogrammetric photos. Thus, modifications to its current structure would be needed in order for it to function as a normal passenger plane.

Senate

☐ 13.5.1 >= \$500,000 Annual Fiscal Cost

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

Dual Referral Rules

House

☐ 6.8(F) >= \$500,000 Annual Fiscal Cost

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED:

The Legislative Fiscal Office (LFO) is aware of only 2 Louisiana based companies that provide photogrammetric services (Gulf Coast Area Mapping, Aero-Data Corporation) similar to the functions of DOTD’s aerial photography section. The LFO requested cost projections from these 2 companies to contract aerial photography work for: 1.) a local area project, 2.) North Louisiana project. Below is the information received:

Aero-Data:

Local area project - \$1,675/project (average of 2 different photo options). Thus, the total cost could be approximately \$175,875.

North LA project - \$4,615/project (average of 8 different photo options). Thus, the total cost could be approximately \$484,575.

Gulf Coast Area Mapping:

Local area project - \$1,355/project. Thus, the total cost could be approximately \$142,275.

North LA project - \$2,455/project. Thus, the total cost could be approximately \$257,775.

According to the vendors, the variables that drive the cost of such work are: aerial photography mobilization, aircraft ferry time, aircraft photo time, aerial film cost, aerial film color, photo lab express shipping, scanning film, analytical triangulation, ortho photo production, deliver on DVD. The cost projection above would likely change depending upon the specific requirements of each project and if DOTD would like the contractor to produce a deliverable product of photos taken.

Due to the sporadic nature of aerial projects around the state, it is difficult to determine the dominant location of such projects. However, based upon the 56 current projects not yet completed by the section, 34, or 61%, are for North Louisiana and 22, or 39%, are for South Louisiana.

Gulf Coast Area Mapping currently has an aerial photography contract in place with the Department of Natural Resources in the average amount of \$15,000 to \$20,000 per year. The contract is based upon a per hour rate of operation and a rate per photo. To the extent DOTD and DNR were to enter into a joint agreement with a contractor, there could likely be economies of scale savings. The savings generated would result in decreased mobilization costs.

In addition, according to DOTD the 2 engineering tech positions that would likely be eliminated if DOTD’s plane is eliminated only spend approximately 15% to 20% of their duties on the plane taking pictures. There are other duties they perform for DOTD such as manipulating and maintaining GIS databases, producing legal exhibits for court cases involving DOTD, etc. To the extent these positions are eliminated, DOTD would likely have to absorb these duties within the Location and Survey activity along with the additional duties of researching, writing, reviewing and grading aerial contracts. Also, if the 2 engineering tech positions are eliminated, DOTD would likely have to outsource the deliverable product production of each project. Thus, the contractor costs will increase. For example, Gulf Coast Area Mapping projected a North Louisiana aerial photography cost of \$2,455. If the deliverable product expenditures are included, the cost for that specific project increases to \$6,070, which could result in additional state expenditures of approximately \$342,112 if all projects included deliverable product costs (105 projects x \$6,070 = \$637,350). According to DOTD, project deliverable costs are included within the current budgeted amount of \$295,238.

NOTE: According to the vendor, Gulf Coast Area Mapping had a similar aerial photography contract with the Mississippi Highway Department that generated on average about \$60,000 to \$80,000 per year for the business.

Senate

Dual Referral Rules

- ☐ 13.5.1 >= \$500,000 Annual Fiscal Cost
- ☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

House

- ☐ 6.8(F) >= \$500,000 Annual Fiscal Cost
- ☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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